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TOWNSHIP OF HOME
(Newaygo)
FINANCIAL STATEMENTS

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | | |
|---|--------------------------------|--|--|--------------------------|
| Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Government Name HOME TOWNSHIP | | County NEWAYGO |
| Audit Date 3/31/04 | Opinion Date 7/16/04 | Date Accountant Report Submitted to State: 7/27/04 | | |

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting System for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

| | Enclosed | To Be Forwarded | Not Required |
|---|----------|-----------------|--------------|
| The letter of comments and recommendations. | ✓ | | |
| Reports on individual federal financial assistance programs (program audits). | | | ✓ |
| Single Audit Reports (ASL GU). | | | ✓ |

| | | | |
|--|--|------------------------|------------------------|
| Certified Public Accountant (Firm Name) HENDON & SLATE, PC | | | |
| Street Address 711 WEST MAIN STREET, PO BOX 9 | | City FREMONT | State MI |
| Accountant Signature <i>Jodi DeKruiper, CPA</i> | | ZIP 49412 | Date 7/27/04 |

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HOME TOWNSHIP

Newaygo County, Michigan
Township Board

| | <u>Position</u> |
|-------------------|-----------------|
| Earl Spalo | Supervisor |
| Laurie Jackson | Clerk |
| Deborah Wilkinson | Treasurer |
| Leroy Jackson | Trustee |
| Dennis Anderson | Trustee |

Companies



Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



July 16, 2004

Home Township Board
Home Township
Bitley, Michigan 49309

Dear Board Members:

Independent Auditor's Report

We have audited the general purpose financial statements of Home Township as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and with the standards prescribed by the state treasurer. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly in all material respects the financial position of Home Township, as of March 31, 2004 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America and with applicable rules and regulations of any state department or agency.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental financial information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Hendon & Slate, P.C.
Certified Public Accountants

Hendon & Slate, P.C.

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Muskegon
950 W. Norton Ave.
Suite 500
Muskegon, MI 49441
Phone (231) 733-0076
Fax (231) 733-0185

Hart
2332 North Comfort Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

Whitehall
116 W. Colby, Suite B
Century Building
Whitehall, MI 49461
Phone (231) 893-6772
Fax (231) 893-6773

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HOME TOWNSHIP

Combined Balance Sheet - All Fund Types and Account Groups March 31, 2004

| | <u>Governmental Fund Types</u> | | <u>Fiduciary</u> | <u>Account Group</u> General Fixed Assets | Totals (Memo Only) |
|--|--------------------------------|----------------------------|------------------|--|--------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Agency</u> | | |
| Assets | | | | | |
| Cash and Investments | \$ 11,459 | \$ 37,732 | \$ 2,937 | \$ - | \$ 52,128 |
| Due from Other Funds | 2,318 | - | - | - | 2,318 |
| Due from Other Governments | 1,285 | 3,402 | - | - | 4,687 |
| Land | - | - | - | 500 | 500 |
| Building and Improvements | - | - | - | 15,051 | 15,051 |
| Equipment and Furniture | - | - | - | 1,787 | 1,787 |
| Total Assets | <u>\$ 15,062</u> | <u>\$ 41,134</u> | <u>\$ 2,937</u> | <u>\$ 17,338</u> | <u>\$ 76,471</u> |
| Liabilities and Fund Equity | | | | | |
| Liabilities | | | | | |
| Due to Other Funds | \$ - | \$ - | \$ 2,318 | \$ - | \$ 2,318 |
| Due to Other Governments | - | 1,433 | 619 | - | 2,052 |
| Total Liabilities | - | 1,433 | 2,937 | - | 4,370 |
| Fund Equity | | | | | |
| Investment in General Fixed Assets | - | - | - | 17,338 | 17,338 |
| Fund Balance - Undesignated | 15,062 | 39,701 | - | - | 54,763 |
| Total Fund Equity | <u>15,062</u> | <u>39,701</u> | <u>-</u> | <u>17,338</u> | <u>72,101</u> |
| Total Liabilities and Fund Equity | <u>\$ 15,062</u> | <u>\$ 41,134</u> | <u>\$ 2,937</u> | <u>\$ 17,338</u> | <u>\$ 76,471</u> |

The Notes to the Financial Statements are an integral part of this statement.

HOME TOWNSHIP

Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types For the Year Ended March 31, 2004

| | <u>General</u> | <u>Special Revenue</u> | Totals (Memo (Only)) |
|---|-------------------------|----------------------------|----------------------------|
| Revenues | | | |
| Taxes | \$ 8,019 | \$ 28,660 | \$ 36,679 |
| Property Tax Administration Fee | 2,648 | - | 2,648 |
| State Grants | 18,744 | - | 18,744 |
| Federal Revenue | - | 1,004 | 1,004 |
| Interest | 410 | 827 | 1,237 |
| Other Revenue | <u>2,745</u> | <u>1,268</u> | <u>4,013</u> |
| Total Revenue | 32,566 | 31,759 | 64,325 |
| Expenditures | | | |
| Legislative | 1,537 | - | 1,537 |
| General Government | 24,576 | - | 24,576 |
| Public Safety | 5,576 | 12,071 | 17,647 |
| Public Works | - | 37,770 | 37,770 |
| Other Functions | <u>5,178</u> | <u>-</u> | <u>5,178</u> |
| Total Expenditures | <u>36,867</u> | <u>49,841</u> | <u>86,708</u> |
| Excess Revenues Over Expenditures | (4,301) | (18,082) | (22,383) |
| Other Financing Sources (Uses) | | | |
| Transfer In | - | 4,406 | 4,406 |
| Transfer Out | <u>(4,406)</u> | <u>-</u> | <u>(4,406)</u> |
| Total Other Financing Sources (Uses) | <u>(4,406)</u> | <u>4,406</u> | <u>-</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | (8,707) | (13,676) | (22,383) |
| Fund Balance - April 1 | <u>23,769</u> | <u>53,377</u> | <u>77,146</u> |
| Fund Balance - March 31 | <u><u>\$ 15,062</u></u> | <u><u>\$ 39,701</u></u> | <u><u>\$ 54,763</u></u> |

The Notes to the Financial Statements are an integral part of this statement.

HOME TOWNSHIP

Combined Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - All Governmental Fund Types For the Year Ended March 31, 2004

| | General | | | Special Revenue | | |
|---|--------------------|------------------|--|--------------------|------------------|--|
| | Budget | Actual | Variance Favorable (Unfavorable) | Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | | | |
| Taxes | \$ 7,900 | \$ 8,019 | \$ 119 | \$ 27,400 | \$ 28,660 | \$ 1,260 |
| Property Tax Administrative Fees | 2,000 | 2,648 | 648 | - | - | - |
| State Grants | 18,000 | 18,744 | 744 | - | - | - |
| Federal Revenue | - | - | - | - | 1,004 | 1,004 |
| Interest | 700 | 410 | (290) | - | 827 | 827 |
| Other Revenue | <u>2,000</u> | <u>2,745</u> | <u>745</u> | - | <u>1,268</u> | <u>1,268</u> |
| Total Revenues | 30,600 | 32,566 | 1,966 | 27,400 | 31,759 | 4,359 |
| Expenditures | | | | | | |
| Legislative | 1,537 | 1,537 | - | - | - | - |
| General Government | 28,458 | 24,576 | 3,882 | - | - | - |
| Public Safety | 8,200 | 5,576 | 2,624 | 12,102 | 12,071 | 31 |
| Public Works | - | - | - | 42,770 | 37,770 | 5,000 |
| Other Functions | <u>6,182</u> | <u>5,178</u> | <u>1,004</u> | - | - | - |
| Total Expenditures | <u>44,377</u> | <u>36,867</u> | <u>7,510</u> | <u>54,872</u> | <u>49,841</u> | <u>5,031</u> |
| Excess Revenues Over (Under) Expenditures | (13,777) | (4,301) | 9,476 | (27,472) | (18,082) | 9,390 |
| Other Financing Sources (Uses) | | | | | | |
| Transfer In | - | - | - | - | 4,406 | 4,406 |
| Transfer Out | - | <u>(4,406)</u> | - | - | - | - |
| Total Other Financing Sources (Uses) | - | <u>(4,406)</u> | <u>(4,406)</u> | - | <u>4,406</u> | <u>4,406</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$ (13,777)</u> | <u>(8,707)</u> | <u>\$ 5,070</u> | <u>\$ (27,472)</u> | <u>(13,676)</u> | <u>\$ 13,796</u> |
| Fund Balance - April 1 | | <u>23,769</u> | | | <u>53,377</u> | |
| Fund Balance - March 31 | | <u>\$ 15,062</u> | | | <u>\$ 39,701</u> | |

The Notes to the Financial Statements are an integral part of this statement.

TOWNSHIP OF HOME

Notes to the Financial Statements March 31, 2004

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Township's significant accounting policies applied in the preparation of the accompanying financial statements follows. The accounting practices followed by the Township are those prescribed by the State of Michigan.

1. BASIS OF PRESENTATION

The financial activities of the local unit are recorded in separate funds, categorized and described as follows:

Governmental Funds

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Township of Home. Revenues are derived primarily from property taxes, state distributions and interest on investments.

Special Revenue Funds - These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions of administrative action. (Fire Fund, Brine Fund, Bridge Fund)

Agency Funds

Fiduciary Funds - This fund is used to account for assets held as an agent for others. (Tax Account)

Account Groups

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets. Infrastructure assets such as roads, bridges, curb and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets.

2. BASIS OF ACCOUNTING

All governmental funds utilize the modified accrual basis of accounting. Modifications in such methods from the accrual basis are as follows:

- A. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as a revenue when earned. Other revenue is recorded when received. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).
- B. Payments for inventoriable types of supplies are recorded as expenditures at the time of purchase. There were no material inventories at year-end.

- C. Normally, expenditures are not divided between years by the recording of prepaid expenses.
- D. Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are due on September 14th and February 14th with the final collection date of February 28 before they are added to the County tax rolls.
- E. The Township does not use any form of encumbrance accounting.

3. BUDGETS AND BUDGETARY ACCOUNTING

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The Township had the following material expenditures which exceeded the amount appropriated:

| | <u>Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---------------------|---------------|---------------|-----------------|
| <u>General Fund</u> | | | |
| Transfers Out | \$ - | \$ 4,406 | \$ 4,406 |

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

The Township prepared all budgets for the year ended March 31, 2004 in a method not materially different from modified accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. At the board meeting in March, the Clerk submits to the Township Board a proposed operating budget for the fiscal year commencing the following April. The operating budget includes proposed expenditures and the means of financing them, for the General Fund and the Special Revenue Fund.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to March 31, the budget is legally enacted on a departmental (activity) basis through passage of a resolution.
4. ESTIMATES
Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenditures/expenses. Actual results could differ from those estimates.

5. TOTAL COLUMNS ON COMBINED STATEMENTS - OVERVIEW

Total columns on the Combined Financial Statement are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or changes in fund balance in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B GENERAL FIXED ASSETS ACCOUNT GROUP

Changes in General Fixed Assets

| | Balance 4/01/03 | Additions | Deductions | Balance 3/31/04 |
|--------------------------|--------------------|-------------|-------------|--------------------|
| Land | \$ 500 | \$ - | \$ - | \$ 500 |
| Buildings & Improvements | 15,051 | - | - | 15,051 |
| Equip. & Furniture | <u>1,787</u> | <u>-</u> | <u>-</u> | <u>1,787</u> |
| Totals | <u>\$ 17,338</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 17,338</u> |

NOTE C PROPERTY TAXES RECEIVABLE

The 2003 taxable valuation of the Township totaled \$8.2 million, on which ad valorem taxes levied consisted of .939 mills for general operating purposes, 1.4096 mills for fire operations and 1.9372 mills for brining roads.

The delinquent real property taxes of the Township of Home are purchased by the County of Newaygo. The 2003 delinquent taxes were paid in June of 2004. The amount due at March 31, 2004 which has been recorded as amounts due from other governments on the financial statements is as follows:

| | |
|--------------|-----------------|
| General Fund | \$ 1,285 |
| Fire Fund | 1,433 |
| Brine Fund | <u>1,969</u> |
| | <u>\$ 4,687</u> |

NOTE D REPORTING ENTITY

The financial statements of Home Township do not include any other governmental boards or authorities based on a determination made with the control or dependence in the areas of budget adoption, taxing authority, funding and appointment of respective boards.

Notes to the Financial Statements (Continued)

NOTE E CASH AND INVESTMENTS

Cash - Deposits are in a financial institutions and are carried at cost. The Township holds all deposits in its own name. Following is a schedule of deposits:

| | <u>Carrying Amount</u> | <u>Market Value</u> | <u>Collateral</u> |
|-----------------|----------------------------|-------------------------|-------------------|
| Cash - Checking | \$ 4,603 | \$ 8,442 | FDIC Insured |

Investments - State statutes authorize the Township to investment in obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper within two (2) highest rated classifications by at least two (2) rating services, maturing not later than 270 days; repurchase agreements, collateralized by U.S. Governmental securities; banker's acceptance; mutual funds; and investment pools.

| | <u>Carrying Amount</u> | <u>Market Value</u> | <u>Collateral</u> |
|-----------------------|----------------------------|-------------------------|-------------------|
| Cash - Savings & CD's | \$ 47,525 | \$ 47,525 | FDIC Insured |

NOTE F RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Township carries commercial insurance. Liabilities in excess of insurance coverage, if any, are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE G INTERFUND ASSETS/LIABILITIES

Due from/to Other Funds balance at March 31, 2004, were as follows:

| <u>Fund</u> | <u>Due From Other Funds</u> | <u>Due To Other Funds</u> |
|-----------------------|---------------------------------|-------------------------------|
| General Fund | \$ 2,318 | \$ - |
| Trust and Agency Fund | - | 2,318 |

HOME TOWNSHIP

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|-------------------|------------------|--|
| Revenues | | | |
| Property Taxes | \$ 7,900 | \$ 8,019 | \$ 119 |
| Property Tax Collection Fees | 2,000 | 2,648 | 648 |
| State Grants - Shared Revenue | 18,000 | 18,744 | 744 |
| Interest on Deposits | 700 | 410 | (290) |
| Miscellaneous | <u>2,000</u> | <u>2,745</u> | <u>745</u> |
| Total Revenues | 30,600 | 32,566 | 1,966 |
| Expenditures | | | |
| Legislative | | | |
| Township Board | 1,537 | 1,537 | - |
| General Government | | | |
| Supervisor | 4,500 | 3,280 | 1,220 |
| Elections | 2,000 | 431 | 1,569 |
| Assessor | 5,000 | 4,784 | 216 |
| Clerk | 5,773 | 5,773 | - |
| Board of Review | 700 | 605 | 95 |
| Treasurer | 7,500 | 6,718 | 782 |
| Township Hall | 1,062 | 1,062 | - |
| Cemetery | <u>1,923</u> | <u>1,923</u> | <u>-</u> |
| Total General Government | 28,458 | 24,576 | 3,882 |
| Public Safety | | | |
| Zoning Board | 7,000 | 4,376 | 2,624 |
| Rescue Service | <u>1,200</u> | <u>1,200</u> | <u>-</u> |
| Total Public Safety | 8,200 | 5,576 | 2,624 |
| Other Functions | | | |
| Insurance | 3,332 | 3,332 | - |
| Payroll Tax Expense | 2,200 | 1,796 | 404 |
| Audit | 150 | - | 150 |
| Other | <u>500</u> | <u>50</u> | <u>450</u> |
| Total Other Functions | <u>6,182</u> | <u>5,178</u> | <u>1,004</u> |
| Total Expenditures | <u>44,377</u> | <u>36,867</u> | <u>7,510</u> |
| Excess Revenues Over (Under) Expenditures | (13,777) | (4,301) | 9,476 |
| Other Financing Sources (Uses) | | | |
| Transfer Out | <u>-</u> | <u>(4,406)</u> | <u>(4,406)</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | <u>\$(13,777)</u> | <u>(8,707)</u> | <u>\$ 5,070</u> |
| Fund Balance - April 1 | | <u>23,769</u> | |
| Fund Balance - March 31 | | <u>\$ 15,062</u> | |

HOME TOWNSHIP

Combining Balance Sheet Special Revenue Funds March 31, 2004

| | <u>Fire</u> | <u>Brine</u> | <u>Bridges</u> | <u>Total</u> |
|-----------------------------------|-----------------|-----------------|------------------|------------------|
| Assets | | | | |
| Cash | \$ - | \$ - | \$ 37,732 | \$ 37,732 |
| Due from Other Governments | <u>1,433</u> | <u>1,969</u> | <u>-</u> | <u>3,402</u> |
| Total Assets | <u>\$ 1,433</u> | <u>\$ 1,969</u> | <u>\$ 37,732</u> | <u>\$ 41,134</u> |
| Liabilities and Fund Equity | | | | |
| Due to Other Governments | \$ 1,433 | \$ - | \$ - | \$ 1,433 |
| Fund Balance | <u>-</u> | <u>1,969</u> | <u>37,732</u> | <u>39,701</u> |
| Total Liabilities and Fund Equity | <u>\$ 1,433</u> | <u>\$ 1,969</u> | <u>\$ 37,732</u> | <u>\$ 41,134</u> |

HOME TOWNSHIP

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Special Revenue Funds March 31, 2004

| | <u>Fire</u> | <u>Brine</u> | <u>Bridges</u> | <u>Total</u> |
|--|---------------|-----------------|------------------|------------------|
| Revenues | | | | |
| Current Tax | \$ 12,071 | \$ 16,589 | \$ - | \$ 28,660 |
| Federal Revenue | - | - | 1,004 | 1,004 |
| Reimbursement | - | 1,268 | - | 1,268 |
| Interest | <u>-</u> | <u>-</u> | <u>827</u> | <u>827</u> |
| Total Revenues | 12,071 | 17,857 | 1,831 | 31,759 |
| Expenditures | | | | |
| Public Safety | 12,071 | - | - | 12,071 |
| Public Works | <u>-</u> | <u>22,770</u> | <u>15,000</u> | <u>37,770</u> |
| Total Expenditures | <u>12,071</u> | <u>22,770</u> | <u>15,000</u> | <u>49,841</u> |
| Excess Revenues Over (Under) Expenditures | - | (4,913) | (13,169) | (18,082) |
| Other Sources (Uses) Transfer In | <u>-</u> | <u>4,406</u> | <u>-</u> | <u>4,406</u> |
| Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses | - | (507) | (13,169) | (13,676) |
| Fund Balance, April 1 | <u>-</u> | <u>2,476</u> | <u>50,901</u> | <u>53,377</u> |
| Fund Balance, March 31 | <u>\$ -</u> | <u>\$ 1,969</u> | <u>\$ 37,732</u> | <u>\$ 39,701</u> |

HOME TOWNSHIP

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Fire Fund For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---------------------------------------|---------------|---------------|--|
| Revenues | | | |
| Current Tax | \$ 12,500 | \$ 12,071 | \$ (429) |
| Expenditures | | | |
| Public Safety | | | |
| Fire Protection - Contracted Services | <u>12,102</u> | <u>12,071</u> | <u>31</u> |
| Excess Revenues Over (Under) | | | |
| Expenditures | <u>\$ 398</u> | - | <u>\$ (398)</u> |
| Fund Balance - April 1 | | <u>-</u> | |
| Fund Balance - March 31 | | <u>\$ -</u> | |

HOME TOWNSHIP

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Brine Fund For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|--------------------|-----------------|--|
| Revenues | | | |
| Current Tax | \$ 7,900 | \$ 16,589 | \$ 8,689 |
| Reimbursement - Road Brining | <u>-</u> | <u>1,268</u> | <u>1,268</u> |
| Total Revenues | 7,900 | 17,857 | 9,957 |
| Expenditures | | | |
| Public Works | <u>22,770</u> | <u>22,770</u> | <u>-</u> |
| Excess Revenues Over (Under) | | | |
| Expenditures | (14,870) | (4,913) | 9,957 |
| Other Financing Sources (Uses) | | | |
| Transfer In | <u>-</u> | <u>4,406</u> | <u>4,406</u> |
| Excess Revenues and Other Sources Over | | | |
| (Under) Expenditures and Other Uses | <u>\$ (14,870)</u> | (507) | <u>\$ 14,363</u> |
| Fund Balance - April 1 | | <u>2,476</u> | |
| Fund Balance - March 31 | | <u>\$ 1,969</u> | |

HOME TOWNSHIP

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Bridges Fund For the Year Ended March 31, 2004

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|------------------------------|--------------------|------------------|--|
| Revenues | | | |
| Current Tax | \$ 7,000 | \$ - | \$ (7,000) |
| Federal Revenue | - | 1,004 | 1,004 |
| Interest | <u>-</u> | <u>827</u> | <u>827</u> |
| Total Revenues | 7,000 | 1,831 | (5,169) |
| Expenditures | | | |
| Public Works | <u>20,000</u> | <u>15,000</u> | <u>5,000</u> |
| Excess Revenues Over (Under) | | | |
| Expenditures | <u>\$ (13,000)</u> | (13,169) | <u>\$ (169)</u> |
| Fund Balance - April 1 | | <u>50,901</u> | |
| Fund Balance - March 31 | | <u>\$ 37,732</u> | |

HOME TOWNSHIP

Combining Statement of Changes in Assets and Liabilities All Agency Funds For the Year Ended March 31, 2004

| | <u>Balance</u> <u>4/01/03</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>3/31/04</u> |
|----------------------------------|----------------------------------|-------------------|-------------------|----------------------------------|
| Assets | | | | |
| Cash | \$ - | \$ 270,489 | \$ 267,552 | \$ 2,937 |
| Taxes Receivable | <u>-</u> | <u>303,301</u> | <u>303,301</u> | <u>-</u> |
| Total Assets | <u>\$ -</u> | <u>\$ 573,790</u> | <u>\$ 570,853</u> | <u>\$ 2,937</u> |
| Liabilities | | | | |
| Due to County, NCRESA and Others | \$ - | \$ 137,477 | \$ 136,858 | \$ 619 |
| Due to Big Jackson School | - | 98,351 | 98,351 | - |
| Due to Other Funds | <u>-</u> | <u>34,661</u> | <u>32,343</u> | <u>2,318</u> |
| Total Liabilities | <u>\$ -</u> | <u>\$ 270,489</u> | <u>\$ 267,552</u> | <u>\$ 2,937</u> |

H&S Companies

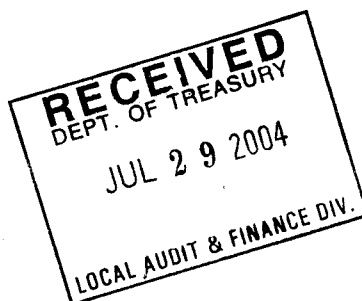


Hendon & Slate, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS



July 20, 2004

Township Board
Township of Home
Newaygo County
Bitely, Michigan



Dear Board Members:

In connection with our recent examination of the financial statements of Home Township for the year ended March 31, 2004, we offer the following comments and recommendations:

Books and Records

The Township's books and records were again maintained in excellent condition. However, we did discuss some issues involved in the implementation of the new computerized accounting system. If additional assistance is necessary with the system, please feel free to contract our office.

Budgeting and Budget Reports

The budgeting method used by the Township is within requirements of the State, however, we did note that the Transfer between the General Fund and the Brine Fund was not properly budgeted. The amount of the Brine Expense expected to be incurred over the amount of Brine Tax Revenue expected to be collected is the amount which the General Fund generally transfers to the Brine Fund to cover the excess expenditures. This should be budgeted for as an expenditure of the General Fund. On the other side, in the Brine Fund, the Transfer In should also be budgeted in the same way as Tax Revenue is budgeted.

We also noted that the budget is only reviewed by the Board one time per year. The budget is intended to be used throughout the year. This working document is to assist the Board to identify when expenditures are exceeding expectations and, therefore, requiring an amendment to the budget. An example of this is if the Board expects that the costs of the Township Hall will be \$1,000 for the year, but we have a bad wind storm and the roof blows off. The Township expects the cost to replace the roof will be \$10,000 and that those costs will be covered by insurance. The Township should amend the budget to reflect additional income from the insurance proceeds and additional expenditures for the roof replacement.

Fremont
711 West Main Street
Fremont, MI 49412
Phone (231) 924-6890
Fax (231) 924-4088
Toll Free (800) 924-6891

Muskegon
950 W. Norton Ave.
Suite 500
Muskegon, MI 49441
Phone (231) 733-0076
Fax (231) 733-0185

Hart
2332 North Comfort Drive
Hart, MI 49420
Phone (231) 873-5611
Fax (231) 873-7033

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GASB 34 - Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments

As most of you are aware, this is the last financial statement which will appear in this format (assuming that the Township has elected to fully implement GASB 34). The next audit year will involve the implementation of GASB Statement No. 34 requirements. This statement makes many changes to the presentation of the financial statements, as indicated to the Board last year. The changes, however, will not effect the Township's regular accounting and record keeping, with the exception of some additional information needed regarding the Township's fixed assets. In addition, a Management's Discussion and Analysis (MD&A) as well as original and final amended budgets will need to be provided to us prior to submitting the audited financial statements.

We appreciate the courtesy extended to us during the course of the audit. We will be happy to assist in the implementation of any of the recommendations mentioned in this letter or answer any questions regarding the audit.

Respectfully submitted,

A handwritten signature in black ink, reading "Jodi DeKuiper, CPA". The signature is fluid and cursive, with the letters "Jodi" and "DeKuiper" clearly legible, followed by "CPA" in a slightly more formal script.

Jodi DeKuiper, CPA
Hendon & Slate, P.C.